Preferential Shares

3710. SHRI SANJAY DALMIA:
SHRI G.Y. KRISHNAN:

Will the Minister of FINANCE be pleased to state:

(a) what was the total number of preferential shares which were allotted to promoters, both Indian and Foreign companies during the last three years;

(b) what was the amount of money the country has lost due to this concession e.g. if the value of a particular share was rated at Rs.100 at the given time and if the promoters were to pay only Rs. 50 then naturally the country lost much amount as revenue due to this concession given to promoters who are otherwise financially capable of paying the shares at market rate; and

(c) to whom the on use of responsibility should bestow upon?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) to (c) Companies are allowed to allot shares on preferential basis after obtaining shareholders' approval in accordance with Section 81(IA) of the Companies Act. Since no approval is required to be taken from either Government or the Securities and Exchange Board of India, Government do not have data on the total number of allotments made on a preferential basis.

In view of the above, and the fact that the companies are allowed to price their shares freely, Government have no information on the extent of concessions if any given to promoters and the extent of under realisation, if any, from foreign promoters.

Karnataka Bank, Mangalore

3711. SHRI G.Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Calcutta-based RPG Group is mopping up Mangalore based Karnataka Bank shares;

(b) what is the equity capital of the Bank and its share-holding pattern;

(c) whether it is a fact that in some cases shares lodged for transfer have been referred to the RBI;

(d) the number of shares lodged by the RPG Group;

(e) what is Government's reaction to such takeover of the Bank;

(f) what is the strategy adopted by the Karnataka Bank to pre-empt any takeover bid; and

(g) what is the role being played by the Reserve Bank of India to prevent this predatory move by outsiders to gain control of the bank?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKAR MURTHY): (a) and (c) Some shares have been lodged by Karnataka Bank Limited (KBL) with Reserve Bank of India (RBI) for transfer in favour of Calcutta based companies/ persons.

(b) The paid-up capital of the bank is 45,00,000 equity shares of Rs. 10 each, which is held by the shareholders.

(d) The information is being collected and will be laid on the Table of the House.

(e) RBI has issued instructions to the commercial banks that cases of acquisition of shares should be referred to the RBI to prevent unwarranted concering of shares.

(f) and (g) The matter is still under consideration of the bank. Cases of share transfers are required to be referred to RBI before they are effected. A final view is taken after taking note of the facts of particular cases.

Over the Counter Exchange of India

3712. SHRI G.Y. KRISHNAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have at any state studied the metamorphosis of 'Over the Counter Exchange of India' (OTCEI) in respect of drawing an increasing number of leading merchant bankers to the exchange with the promise of over 100 to 200 percent annualised return on brought-out deals;

(b) if so, what are the findings in this regard;

(c) whether many finance companies have even created a separate fund for investments through the OTC exchange if so, what are the details thereof; and

(d) what is the future of the OTCEI and